

FEB 15 2007

# **Central Utah Center for Independent Living, Inc.**

**Financial Statements  
With Auditors' Report Thereon  
For the Year Ending June 30, 2006**



**ULRICH**

**Ulrich & Associates, PC  
Certified Public Accountants  
Ogden, Utah**

# Central Utah Center for Independent Living, Inc.

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# Ulrich & Associates, PC

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Central Utah Center for Independent Living, Inc.

We have audited the accompanying statement of financial position of Central Utah Center for Independent Living, Inc. (a non-profit organization) as of June 30, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Central Utah Center for Independent Living, Inc. as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2006, on our consideration of Central Utah Center for Independent Living, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



September 20, 2006

Members of Utah Association of CPAs / American Institute of CPAs

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**Central Utah Center for Independent Living, Inc.**  
**Statement of Financial Position**  
**June 30, 2006**

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**Assets**

Current assets	
Cash and cash equivalents	\$ 8,883
Receivables	72,587
Deposits and prepaid expenses	<u>6,262</u>
Total current assets	<u>87,732</u>
Furniture and equipment, at cost, net	<u>27,146</u>
Total assets	<u><u>\$ 114,878</u></u>

**Liabilities and Net Assets**

Current liabilities	
Accounts payable	\$ 11,221
Accrued liabilities	<u>9,884</u>
Total liabilities	<u>21,105</u>
Net assets	
Unrestricted	84,810
Temporarily restricted	<u>8,963</u>
Total net assets	<u>93,773</u>
Total liabilities and net assets	<u><u>\$ 114,878</u></u>

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See accompanying notes to financial statements

**Central Utah Center for Independent Living, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2006**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>Public Support and Revenue</u></b>			
Public support			
Grants	\$ -	385,198	385,198
In-kind contributions	3,546	-	3,546
Fund raising	9,205	-	9,205
Other income	363	-	363
	<u>13,114</u>	<u>385,198</u>	<u>398,312</u>
 Net assets released from donor restrictions	 <u>392,179</u>	 <u>(392,179)</u>	 <u>-</u>
 Total revenue and other support	 <u>405,293</u>	 <u>(6,981)</u>	 <u>398,312</u>
<b><u>Expenses</u></b>			
Program services			
Independent living	310,533	-	310,533
Support services			
Management and general	56,091	-	56,091
Fund raising	1,886	-	1,886
	<u>368,510</u>	<u>-</u>	<u>368,510</u>
 Total expenses	 <u>368,510</u>	 <u>-</u>	 <u>368,510</u>
 Change in net assets	 36,783	 (6,981)	 29,802
 Net assets, beginning of year	 <u>48,027</u>	 <u>15,944</u>	 <u>63,971</u>
 Net assets, end of year	 <u>\$ 84,810</u>	 <u>8,963</u>	 <u>93,773</u>

See accompanying notes to financial statements

**Central Utah Center for Independent Living, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2006**

	<b>Program Services</b>	<b>Support Services</b>		
	<b>Independent Living</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total</b>
Salary and wages	\$ 150,207	16,264	-	166,471
Payroll taxes and benefits	47,889	6,358	-	54,247
Office supplies	2,790	1,196	-	3,985
Contractual	5,024	21,532	-	26,556
Telephone	4,393	488	-	4,881
Space costs	25,365	2,818	-	28,183
Maintenance	125	14	-	139
Client emergency home repairs	11,981	-	-	11,981
Miscellaneous	772	23	-	795
Expendable equipment and consumer repairs	7,037	782	-	7,819
Fees and subscriptions	2,297	1,531	-	3,828
Insurance	5,598	3,014	-	8,612
Staff training	2,478	275	-	2,753
Travel (in state)	7,313	-	-	7,313
Travel (out of state)	6,700	-	-	6,700
Utilities	3,376	375	-	3,751
Postage	1,830	203	-	2,034
Printing	2,560	284	-	2,844
Program supplies	3,492	-	-	3,492
Fundraising supplies	-	-	1,886	1,886
<b>Total expenses before depreciation and in-kind expenses</b>	<b>291,226</b>	<b>55,157</b>	<b>1,886</b>	<b>348,270</b>
In-kind expenses	1,568	-	-	1,568
Depreciation	17,738	934	-	18,672
<b>Total expenses</b>	<b>\$ 310,533</b>	<b>56,091</b>	<b>1,886</b>	<b>368,510</b>

See accompanying notes to financial statements

**Central Utah Center for Independent Living, Inc.**  
**Statement of Cash Flows**  
**Year Ended June 30, 2006**

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**Cash Flows from Operating Activities**

Increase in net assets	\$ 29,802
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	18,672
(Increase) decrease in operating assets	
Grants receivable	(60,957)
Deposits and prepaid expenses	(80)
Increase (decrease) in operating liabilities	
Accounts payable	8,679
Accrued liabilities	(763)
	<hr/>
Net cash provided by operating activities	(4,647)

**Cash Flows From Investing Activities**

Purchase of equipment	(13,370)
	<hr/>
Net cash used in investing activities	(13,370)
	<hr/>
Net increase in cash and cash equivalents	(18,017)
	<hr/>
Cash and cash equivalents as of beginning of year	26,900
	<hr/>
Cash and cash equivalents as of end of year	\$ 8,883
	<hr/>
Shown on balance sheet as:	
Cash and cash equivalents	\$ 8,883
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See accompanying notes to financial statements

# Central Utah Center for Independent Living, Inc.

## Notes to Financial Statements

June 30, 2006

### Note 1 - Summary of Significant Accounting Policies

#### Organization

Central Utah Center for Independent Living, Inc. (the Center) is a Utah not-for-profit corporation organized for the purpose of providing services, training and counseling to disabled persons. Although incorporated in 1998 the Center did not begin formal operation until January 2001.

#### Fund Accounting

The accompanying financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

*Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes. The Center had no permanently restricted net assets.

#### Property and Equipment

The policy of the Center is to capitalize all expenditures for equipment with a life greater than one year and cost in excess of \$1,000. Purchased equipment is recorded at cost and donated equipment is recorded at fair value at the date of contribution. Depreciation is computed using the straight-line method over the useful lives of the assets which range from three to seven years. Depreciation expense was \$18, 672 for the year ended June 30, 2006.

#### Funding Sources

The Center is funded by grants, the main grantor being Utah State Office of Education - Division of Rehabilitation Services. All other contributions are considered to be available for unrestricted use unless specifically restricted by the donor.



**Central Utah Center for Independent Living, Inc.**  
**Notes to Financial Statement - Continued**  
**June 30, 2006**

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**Note 1 - Summary of Significant Accounting Policies - continued**

**Funding Sources - continued**

State funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, if Central Utah Center for Independent Living, Inc. fails to comply with the terms of the grants/contracts, and may discontinue future grants to the Center.

**In-Kind Contributions**

Contributions of service and supplies can be made to the Center by individuals and business organizations. Services contributed are recognized as in-kind contributions based on the hours of service received times a normal hourly rate for the service performed. The Center had no contributions of service during the year.

Supplies contributed are recognized as in-kind contributions based on their fair market value. The Center received donated supplies of \$3,546 during the year ended June 30, 2006.

**Cash and Cash Equivalents**

The Center considers all highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude endowment cash and cash equivalents.

**Investments**

The Center had no investments during the year.

**Income Taxes**

The Center is a nonprofit corporation and is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Central Utah Center for Independent Living, Inc.**  
**Notes to Financial Statement - Continued**  
**June 30, 2006**

**Note 1 - Summary of Significant Accounting Policies - continued**

**Functional Allocation of Expenses**

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Note 2 - Cash**

At year end the Center's bank balance was \$14,766. The Bank balance was covered 100% by federal depository insurance.

**Note 3- Property & Equipment**

Property and equipment at June 30, 2006 consists of the following:

Leasehold improvements	\$ 4,360
Furniture and equipment	111,994
Accumulated depreciation	<u>(89,208)</u>
Total fixed assets, net	<u>\$ 27,146</u>

**Note 4 - Temporarily Restricted Net Assets**

Net assets were released from donor restrictions by incurring expenses to satisfy restrictions specified by donors as follows:

State Office of Education, Department of Rehabilitation Services	\$ 345,479
Various other grants	<u>46,700</u>
Total Restrictions Released	<u>\$ 392,179</u>

Temporarily restricted net assets are available for the following purposes:

Disability Law Center grant for client remodel	<u>\$ 8,963</u>
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The Center has no temporarily restricted net assets with a time restriction, or permanently restricted net assets.

**Note 5 - Retirement Plan**

The Center sponsors a SEP retirement plan that covers employees after 90 days of employment. The Center currently contributed 6% of each eligible employees wages to the plan. Contributions for the fiscal year ending June 30, 2006 were \$8,046.

**Central Utah Center for Independent Living, Inc.**  
**Notes to Financial Statement - Continued**  
**June 30, 2006**

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**Note 6 - Commitment**

The Center has entered into a three year lease on the facility it occupies. The lease period goes from March 1, 2006 through February 28, 2009. Lease expense for the fiscal year ending June 30, 2006 was \$26,131. Future required lease payments are as follows:

Year Ending June 30	
2007	\$ 26,931
2008	26,931
2009	<u>20,198</u>
	<u>\$ 74,060</u>

The Center anticipates a move to a new facility in the near future, possibly at the end of this lease agreement.

**Note 7 - Risk Management**

The Center is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Center carries commercial insurance.

**Note 8 - Major Funding Source**

The Center received 89.7% of its funding for the year from a grant from the Utah State Office of Rehabilitation. Loss of this funding source would have a severe impact on the Center's operations and its ability to continue in existence without additional funding. Management anticipates a continuation of this funding.

**Note 9 - Grant Accounting**

Certain granting agencies require the Center to report using a regulatory basis of accounting. This represents a comprehensive basis of accounting which differs from generally accepted accounting principles. The regulatory basis of accounting differs from generally accepted accounting principles in the treatment of property and equipment and depreciation which are accounted for on a cash basis.

**Central Utah Center for Independent Living, Inc.**  
**Notes to Financial Statement - Continued**  
**June 30, 2006**

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**Note 9 - Grant Accounting - Continued**

The total functional expenses for the year ended June 30, 2006 reflected under generally accepted accounting principles reconciles to total expenditures reflected using the regulatory basis of accounting as follows:

Total functional expenses -	
(GAAP basis)	\$ 368,510
Depreciation	(18,672)
Purchase of equipment	13,370
Obligated funds charged to 2005 expenditures	(8,161)
Obligated funds charged to 2006 expenditures	<u>42,564</u>
Total functional expenses -	
Regulatory Basis	<u><u>\$ 397,611</u></u>

**SUPPLEMENTARY INFORMATION**

**(Regulatory Basis)**

# **Ulrich & Associates, PC**

*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION**

To the Board of Trustees of  
Central Utah Center for Independent Living, Inc.

Our report on our audit of the basic financial statements of Central Utah Center for Independent Living, Inc. for the year ended June 30, 2006 appears in the first section of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying additional information, prepared on a regulatory basis of accounting is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Ulrich & Associates, P.C.*

September 20, 2006

Members of Utah Association of CPAs / American Institute of CPAs

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# Central Utah Center for Independent Living, Inc.

## Statement of Revenues and Expenditures by Program (Regulatory Basis of Accounting)

Year Ended June 30, 2006

	<u>Restricted</u>	<u>Unrestricted</u>	
	<u>Utah</u>	<u>Private</u>	
	<u>State IL</u>	<u>Contributions</u>	<u>Total</u>
<b><u>Revenues</u></b>			
Grants	\$ 385,198	-	385,198
In kind contributions	-	3,546	3,546
Fund raising	-	9,205	9,205
Other income	-	363	363
Total revenues	<u>385,198</u>	<u>13,114</u>	<u>398,312</u>
<b><u>Expenditures</u></b>			
Salary and wages	166,471	-	166,471
Payroll taxes and benefits	54,247	-	54,247
Office supplies	4,925	-	4,925
Contractual	26,556	-	26,556
Telephone	4,881	-	4,881
Space costs	28,183	-	28,183
Maintenance	9,220	-	9,220
Client emergency home repairs	11,981	-	11,981
Miscellaneous	856	-	856
Equipment and consumer repairs	37,249	-	37,249
Fees and subscriptions	3,828	-	3,828
Insurance	8,612	-	8,612
Staff training	2,753	-	2,753
Travel (in state)	7,313	-	7,313
Travel (out of state)	8,042	-	8,042
Utilities	3,751	-	3,751
Postage	2,034	-	2,034
Printing	3,067	-	3,067
Program supplies	8,210	-	8,210
Fundraising supplies	-	1,886	1,886
In-kind expense	-	3,546	3,546
Total expenses	<u>392,179</u>	<u>5,432</u>	<u>397,611</u>
Excess of revenues over expenditures	<u>\$ (6,981)</u>	<u>7,682</u>	<u>701</u>

# Central Utah Center for Independent Living, Inc.

## Statement of Revenues and Expenditures Compared to Budget (Regulatory Basis of Accounting)

Year Ended June 30, 2006

	Approved Budget	Actual	Favorable (Unfavorable) Variance
<b><u>Revenues</u></b>			
Grants	\$ 391,979	385,198	(6,781)
In-kind contributions	-	3,546	3,546
Fund raising	-	9,205	9,205
Other income	-	363	363
Total revenues	391,979	398,312	6,333
<b><u>Expenditures</u></b>			
Salary and wages	174,525	166,471	8,054
Payroll taxes and benefits	55,113	54,247	866
Office supplies	5,638	4,925	713
Contractual	25,422	26,556	(1,134)
Telephone	4,636	4,881	(245)
Space costs	28,321	28,183	138
Maintenance	13,545	9,220	4,325
Client emergency home repairs	5,000	11,981	(6,981)
Miscellaneous	868	856	12
Equipment and consumer repairs	33,007	37,249	(4,242)
Fees and subscriptions	4,126	3,828	298
Insurance	6,970	8,612	(1,642)
Staff training	2,818	2,753	65
Travel (in state)	7,193	7,313	(120)
Travel (out of state)	8,041	8,042	(1)
Utilities	3,026	3,751	(725)
Postage	2,329	2,034	295
Printing	3,284	3,067	217
Program supplies	8,117	8,210	(93)
Fundraising supplies	-	1,886	(1,886)
In-kind expense	-	3,546	(3,546)
Total expenses	391,979	397,611	(5,632)
Excess of revenues over expenditures	\$ -	701	701



## **OTHER REPORTS**

# Ulrich & Associates, PC

Certified Public Accountants

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of  
Central Utah Center for Independent Living, Inc.

We have audited the financial statements of Central Utah Center for Independent Living, Inc. (a nonprofit organization) as of and for the year ended June 30, 2006, and have issued our report thereon dated September 20, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Central Utah Center for Independent Living, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Utah Center for Independent Living, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to management of Central Utah Center for Independent Living, Inc. in a separate letter dated September 20, 2006.

Members of Utah Association of CPAs | American Institute of CPAs

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This report is intended solely for the information and use of the board of trustees, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wulch & Associates, P.C.*

September 20, 2006



*Central Utah Center for Independent Living*

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November 22, 2006

Ulrich & Associates, PC  
4991 South Harrison  
Ogden, UT 84403

Dear Cathie;

I am writing this letter of response addressing the one area that was identified in the audit, as an area of concern.

**Encumbrances**

In order to meet granting agency requirements, non-profit entities frequently encumber funds at their fiscal year end to appropriately expend all the grant money they are awarded. Before funds are encumbered, however, the entity should not only have identified what specific items they plan to buy but also have ordered or otherwise obligated themselves to purchase the items. Merely setting encumbrance amounts in specific accounts, for monies the entity is planning to spend before year end is not truly an encumbrance. Although in the past the Center has listed items to purchase for their encumbrances, there are occasions where money has been set aside in an account to purchase something. We recommended that the Center obligate themselves to specific items before their fiscal year end to encumber the funds, or at a minimum fill out purchase orders by year end for specific items intended to be purchased.

**Response:** CUCIL hired a part time accountant bookkeeper in August of 2006. CUCIL's accounting will no longer be contracted. The accounting will be handled in-house. This enables us to have more control and oversight with the accounting on a daily basis. We have also altered our purchase order procedures to enable better tracking methods. We are now following new master monthly budgets which will allow us to track and predict our spending. We have implemented new cash flow reports which gives us an indication of current budgetary status.

With these new changes in place and with the accounting in-house we will be able to monitor our spending closer, which will prevent the encumbrance issue from reoccurring.

Sincerely;

Sandra M. Curcio  
Executive Director

# Ulrich & Associates, PC

Certified Public Accountants

September 20, 2006

Sandra Curcio  
Executive Director  
Central Utah Center for Independent Living  
491 No. Freedom Blvd.  
Provo, UT 84601

Dear Sandra:

We have appreciated the opportunity of auditing the financial statements of Central Utah Center for Independent Living for the year ended June 30, 2006. We also appreciate the hard work and help of Patty and Becky during the audit.

Audits by their nature tend to draw attention to certain problems and areas of concern. It is part of the responsibility of the auditors to communicate such matters when they are discovered. The matters noted below are not considered to be significant and are therefore communicated in this management letter for purposes of internal use only.

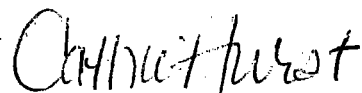
## Encumbrances

In order to meet granting agency requirements, non-profit entities frequently encumber funds at their fiscal year end to appropriately expend all the grant money they are awarded. Before funds are encumbered, however, the entity should not only have identified what specific items they plan to buy but also have ordered or otherwise obligated themselves to purchase the items. Merely setting encumbrance amounts in specific accounts, for monies the entity is *planning* to spend before year end is not truly an encumbrance. Although in the past the Center has listed items to purchase for their encumbrances, there are occasions where money has been set aside in an account to purchase something. We recommend that the Center obligate themselves to specific items before their fiscal year end to encumber the funds, or at a minimum fill out purchase orders by year end for specific items intended to be purchased.

As always, it is a joy to work with Central Utah Center for Independent Living staff. We would be happy to respond to any questions or concerns you may have.

Sincerely,

Ulrich & Associates, PC



Cathie Hurst, CPA

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Cathie Hurst, CPA | Heather Christopherson, CPA  
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